

YOUNG PRESIDENT'S ORGANIZATION
CIA Auditorium
1005, Tuesday, 25 September 1979

Draft Remarks

With u today

YPO rep best Amer bus comm

Believe important key agencies govt & best elements bus
comm understand each other and work together when-where
proper

IC - always good relations some areas

Always 2 few others

Talk - before?/suggestion changes -

Especially areas Interaction will/should ↗

Areas where we can help you more

Areas where you can help us more

There are a number of similarities between the United States
Intelligence Community/and most American business corporations/ We
in intelligence have two main operating divisions: /one to collect the
raw materials that are needed to produce our product;/and the other to
do the production ^{of marketing} itself. / The collection division in intelligence
might be likened to the purchasing department in business. / It acquires
our sole raw material - information /- information about what is happening
in other countries that may affect the United States.

Once this raw material is acquired, it is turned over to the second operating entity, the production division, ^{This} which is responsible for actually turning out a written analysis or estimate of a situation for the President or other policymakers. The end objective is to help them to make more informed decisions on behalf of all of us.

Let me say a few words about each of these two operating divisions -- collection and production -- and highlight some aspects of each which, I believe, are most relevant to the business world.

One of the greatest strengths of the American Intelligence Community is its ability to collect the information which is needed, when it is needed. I could not say that with such confidence if it were not for the incredibly sophisticated and effective technical collection capabilities which American industry has developed for us over the years. SIGINT/PHOTINT/HUMINT. In the use of technology for intelligence collection, American ingenuity has put us clearly ahead of the Soviet Union. There is just no question that American intelligence technology is the best in the world and for that we must be very grateful to you and to others in the business world who have made that possible.

Interestingly, the very success that the business community has provided us in collecting data has generated a subsidiary problem. This is that the quantity of information available through our advanced technical systems today almost threatens to swamp us. We are constantly

working to find ways to process and analyze these large quantities of raw data effectively. We are working hard on this with the help of many of you as well, but much remains to be done.

Another problem of too much success that we have today is that the equipment American industry has built for us to use in collecting information has been of such outstanding quality that it has lasted much longer than was expected. This is literally one of the great unsung accomplishments of American industry. This accomplishment has not only enabled us to carry out our job with a very high reliability, it has saved us a lot of money. Accordingly over the last half dozen years our annual operating expenses have been below normal we've been living off systems that should have failed several years ago. Instead we have invested in the development of more new collection systems than our budget would have otherwise allowed.

Unfortunately, most windfalls come to an end. Today we are facing the block obsolescence of a number of these long-lived systems. We have lots of new ones ready to replace them, but replacing them all at once is more than we can afford. We are simply unable to pay for all of the new or improved capabilities that the ingenuity of U.S. industry can offer us. Today just because a new system gives us "more" or works "better" is not enough to justify ^{our} buying it. We are being forced to be more discriminating in what we develop and purchase ^{what we} in order to collect information. We need the understanding of American business in this respect.

In short - we need the continued ingenuity of Ray and to stay 3 steps ahead; must remember that is/being
concentrate on staying 3 steps ahead

As I mentioned earlier, the other operating division which we have in common is a production division. Here there has always been a strong, and quite legal and proper link between American business and the Intelligence Community. For many years, many of you have shared with us the knowledge that you have acquired in your business dealings around the world. Clearly, it would make no sense for this country to spend money and to take high risks in order to obtain information which exists amongst our own countrymen. You have recognized this and we appreciate your positive responses.

I am trying to make this more of a two-way street. For example, over the past two and one-half years, beginning with our first unclassified study on the world energy situation, we have published ^{for the public} more than 300 separate studies on world issues. They have contributed to a better informed citizenry, and have stimulated important national debate.

Two months ago, for instance, an updated version of that first energy study confirmed the general conclusions of the original study and has even elicited strong reaction from the Soviets. So you see, the debate is even enlarging. (Copies on table)

Today we are also working actively with the Department of Commerce to find ways of sharing even more information with you, especially the results of our political and economic research. It seems to me particularly unwise, if information exists within the government which would assist the American business community, not to share it with you to the greatest extent possible.

I need not stress that there are inherent problems in attempting to do this. One is the protection that we must be able to guarantee to our sources; ^{information} another is the danger of preferential treatment ^{for one business} ~~to the detriment of any one of you;~~ and also we must consider the absolute necessity of our protecting proprietary information when it is shared with us. Nonetheless, despite these problems, I am persuaded that we can do more for you and am committed to trying to do so. ~~You will be seeing more of our vice president for production as we do.~~

At the same time, there is something that you can do for us. I would like to ask your support in several areas, not as suppliers of information, but as Americans with a proven record of dedication to the security of this nation. The contribution of intelligence to that security is endangered today from a number of directions. Steps must be taken to correct the imbalances which have developed, but they cannot succeed without active public support.

First, the improper dissemination of classified information is fast becoming our most serious problem. Leaks from within the government are a big part of this problem. It is a part which we are working to control, especially by generating a renewed sense of respect for classified information by those with access to it. ^{Another} ~~The other~~ part of the problem results from the blatant authorship of books and articles ^{intended to discredit} ~~by former government~~ ^{employees.} ~~employees.~~ We should be able to do something about this but cannot. One of the worst offenders is Phillip Agee, an employee of the CIA for a number

of years. / He is now making a profession / of exposing everything which he learned about the CIA / or which he can find out. / Agee and his friends regularly publish a slick bulletin called "Covert Action," / from a building near Dupont Circle here in Washington. / Its professed objective / is to identify undercover American intelligence officers around the world. / Obviously, once our people are identified, / they and their families / become the target of terrorists and kooks alike. / I have virtually no legal recourse against Agee and his ilk. /

There are some thirty U.S. laws making it a criminal offense / to reveal tax information, / commodity futures, and other commercial information. / Nothing comparable protects national security information. / The only law under which we can prosecute / is the antiquated Espionage Act of 1917 / which requires proof of intent to harm the United States. / You don't need to be a lawyer / to appreciate the difficulty in proving such intent. / As long as Agee professes to believe / that America would be better off / without an intelligence service, / it is difficult to prove his intent to harm the country. / I am proposing legislation to correct this and ask your support. /

Second, not only do we have trouble dealing with unscrupulous men / like Phillip Agee under existing laws, / but there are some laws which actually help such people. / One such law is the Freedom of Information Act. / Now I support fully the concept of freedom of information. / American citizens should be able to find out / what information the government has stored away about them; / they should also be able to know what the government

is doing, how it is being managed, and how their taxes are being spent. But for their good and the good of the country, there is some information they must be protected ^{against} from having, because giving it to one is giving it to all. If our intelligence organizations are worth having, we cannot also force them to operate too much in the open. That is simply to preclude them from being able to do what they are being asked to do. Some information should be available from intelligence files certainly, but unless we can protect our sources and how we go about our work, we will soon be out of business--just as you would be if your product formulas and processes and your competitive bids could not be protected from your competitors. You would lose your competitive advantage, and so would we.

Under the Freedom of Information Act, for example, we have been required to devote four man-years to providing information requested by Mr. Agee. One person has been working full-time supplying information to a single author. Every year we spend nearly \$3 million dollars to answer over 4,000 requests. Some of them come from children, some are form letters, some from each student in a high school civics class just to see how the government works. Each request costs the taxpayer over \$800. And most of what comes out of this process is useless, except for a few individuals. If the Soviet intelligence chief were to write us, we would be obliged by this law to respond within ten days. We are proposing legislation to correct this situation for which I ask your support.

In conclusion then, ^{our} the Intelligence Community is undergoing substantial change and we need your support as this process goes forward. Change is never easy or comfortable in a large bureaucracy-- as you've seen from our press over the last ^{several} two years. But, I am confident we are now settling on the right course for the future.

The problems I have cited are, I think, inevitable in a society as free as ours--and I assure you I would not trade shoes with my counterpart in the Soviet Union, Yurij (Uri) Andropov, even though he has none of these impediments on his actions. The advantages, particularly in my production or analysis department, of being in a free society where you can express divergent, even unorthodox views is absolutely essential to doing good intelligence analysis. Exposing the contrary view is fundamental in our business. And because our society encourages those views to come forward, they will always be with us. We can live with them. But at the moment, the pendulum has swung so far that the Intelligence Community and, as a result, the national security, is being harmed. The legislation I have proposed seeks to achieve a more reasonable balance between secrecy and openness.

I seek your understanding and support, and thank you once again for the unparalleled contribution that you and all of the American business community have traditionally made to this nation.